

October 11, 2022

Brian Zolynas
Division of Medicaid and Children's Health Operations
U.S. Department of Health & Human Services
Centers for Medicare & Medicaid Services
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

RE: Arizona SPA #22-0021, Nursing Facility (NF) Rates

Dear Mr. Zolynas:

Enclosed is State Plan Amendment (SPA) #22-0021, NF Rates. This SPA updates the state plan Nursing Facility (NF) rates, with an effective date of October 1, 2022.

Tribal Consultation and Public Notice Requirements for this SPA have been fulfilled and the corresponding documentation is provided below:

Tribal Consultation (August 11, 2022):

<https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2022/August112022QuarterlyTC.pdf>

Public Notice:

https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/Final_Public_Notice_Rate_Changes_20221001.pdf

The Fiscal Impact of this SPA has been calculated as:

- FFY 2023: \$ 4,277,994
- FFY 2024: \$ 4,115,631

The state has projected the federal fiscal impact for FFY 2023 and FFY 2024 using the actual expenditure data from FFY 2021 and incorporating rate changes that occurred in FFY 2022. Using the estimated FFY 2022 expenditures, the state applied the rate changes for FFY 2023 to estimate the fiscal impact for FFY 2024. The FMAP used in FFY 2023 75.76%. The FFY 2024 estimate was assumed to be the same as FFY 2023; however, the FMAP for FFY 2024 was 66.92%.

If there are any questions about the enclosed SPA, please contact Ruben Soliz at ruben.soliz@azahcccs.gov or 602-417-4355.

Sincerely,



Dana Flannery
Assistant Director
Arizona Health Care Cost Containment System (AHCCCS)

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER 22 - 0021	2. STATE AZ
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT	
4. PROPOSED EFFECTIVE DATE October 1, 2022	
6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>23</u> \$ <u>4,277,994</u> b. FFY: <u>24</u> \$ <u>4,115,631</u>	
8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-D Pg. 8	

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR Part 447, Subpart C

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D
Pg. 8

9. SUBJECT OF AMENDMENT
Updates the state plan Nursing Facility (NF) rates, effective October 1, 2022.

10. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS
 SPECIFIED: COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

11. SIGNATURE OF STATE AGENCY OFFICIAL



12. TYPED NAME
Dana Flannery

13. TITLE
Assistant Director

14. DATE SUBMITTED: October 11, 2022

15. RETURN TO
Dana Flannery
801 E. Jefferson St., MD # 4200
Phoenix, AZ 85034

FOR CMS USE ONLY

16. DATE RECEIVED	17. DATE APPROVED
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PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL	19. SIGNATURE OF APPROVING OFFICIAL
20. TYPED NAME OF APPROVING OFFICIAL	21. TITLE OF APPROVING OFFICIAL

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: ARIZONA

**METHODS AND STANDARDS FOR ESTABLISHING FEE-FOR-SERVICE PAYMENT RATES
FOR LONG TERM CARE FACILITIES**

85% for each facility, then add in the per day historic costs for property taxes and insurance to determine the statewide average capital component.

4. Total Rate

The per diem nursing facility rates are calculated by summing the primary care, indirect care, and capital cost components. These rates vary by member level of care and geographic area due to the primary care components.

5. Rate Update

Effective October 1, 2002 and each year thereafter, fee-for-service rates for nursing facilities will be updated by applying an inflation factor or factors to the rate components in effect for the prior year. This method of adjusting fee-for-service rates is consistent with the method used by AHCCCS for other medical services. For rates effective from October 1, 2011 to September 30, 2013, and from October 1, 2015 and thereafter, no inflation factor will be applied.

Below are the AHCCCS FFS Nursing Facility Per Diem Rates effective on and after October 1, ~~2022~~2021:

Level of Care	Revenue Code	Urban Rate*	Rural Rate	Flagstaff
LOA/Therapeutic**	183	\$183.93	\$178.20	\$184.07
LOA/Nursing Home**	185	\$183.93	\$178.20	\$184.07
Level 1	191	\$183.93	\$178.20	\$184.07
Level 2	192	\$201.08	\$194.19	\$200.56
Level 3	193	\$238.51	\$230.88	\$238.47

Level of Care	Revenue Code	Urban Rate*	Rural Rate	Flagstaff
LOA/Therapeutic**	0183	\$ 205.74	\$ 199.32	\$ 205.29
LOA/Nursing Home**	0185	\$ 205.74	\$ 199.32	\$ 205.29
Level I	0191	\$ 205.74	\$ 199.32	\$ 205.29
Level II	0192	\$ 224.92	\$ 217.22	\$ 223.69
Level III	0193	\$ 266.79	\$ 258.25	\$ 265.97

*AHCCCS has designated nursing facilities in the Arizona counties of Pima, Pinal, and Maricopa as Urban to be paid at the AHCCCS Urban Rate. All other counties inside or outside of Arizona are designated as Rural and are paid at the AHCCCS Rural Rate (except Flagstaff, which is paid at the rate specified above).
**This LOA rate only applies to reserved beds at Nursing Facilities

III. Other Provisions

A. Provider Appeals

Nursing facility providers have the right to request an informal rate reconsideration in accordance with the ALTCS Rules. Appeals are allowed for the following reasons:

- Extraordinary circumstances (as determined by the Director).
- Provision of specialty care services directed at members with high medical needs.
- Unique or unusually high case mix.

TN No. ~~21-018~~ 22-0021

Supersedes TN No. ~~20-024~~ 21-018
~~2022~~

Approval Date: _____

Effective Date: October 1,

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: ARIZONA

Appeals are made in writing to the Director. Appeals which are granted become effective no earlier than the date the appeal was requested.

B. Cost and Wage Reporting

AHCCCS uses cost and wage reports filed by the nursing facilities in the State of Arizona as a basis for these rate calculations.

TN No. ~~21-018~~ 22-0021

Supersedes TN No. ~~20-024~~ 21-018
2022

Approval Date: _____

Effective Date: October 1,